

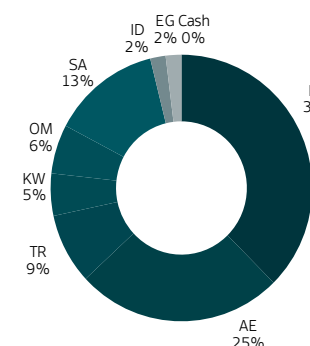
## Managers Commentary

The SICO Fixed Income Fund had another strong month and jumped by 1.1%, profiting from stable rates and higher oil prices whilst continuing to reap the benefits from the JP Morgan emerging market index inclusion. Its benchmark, the Barclays GCC Bond Index rose by 1.3% in February.

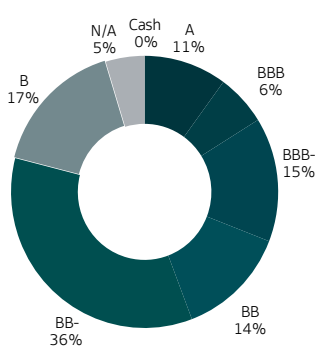
Investors continued to flock into GCC bonds, taking advantage of the favorable market backdrop, stable dollar and general "risk-on" sentiment. Fears of a trade war between the US and China seemed to be diminishing while an uncertain BREXIT has helped keep a lid on rates. The 10 year US treasury for example rose by only 6bps to 2.72% as the probability for another rate hike this year remains very low despite healthy labor market figures and reasonable GDP growth. However, GCC bond prices also rose due to a surge in regional liquidity, aided by higher government oil revenues and passive money flowing into region. Bahrain was again the clear outperformer as supply could not keep up with demand as the Kingdom continued to feel the benefits of the GCC support and foreign direct investments entering the country. Oman also rallied and almost closed the gap to Bahrain after trading nearly 100bps wider following reports that authorities plan to cut the Sultanate's borrowing in 2019 by as much as 70% and prioritise asset sales to plug the yawning budget deficit.

The Fund did very well accordingly, buoyed by its overweight to Bahrain and selective positioning in the Omani quasi sovereign space. We also took advantage of the new issuances this month as Mumtalakat and Almarai rallied by 50 cents following a massive order book that was oversubscribed by 6 and 10 times. However, even the real estate names made a comeback and boosted the performance this month due to the "risk-on" environment in light of stable rates and the hunt for yield. That trend is likely to carry on as spreads have compressed massively with investors forced to take more risk to meet their return expectations. The optimism also spilled over into the perp space with bonds rising by one dollar while continuing to accrue a high coupon for the fund. Going forward, we look to increase our duration within Bahrain whilst rotating out of the GCC and into names from outside the region that have missed out on the recent rally.

### Country Allocation



### Rating Allocation



## Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	5.2	5.6	2/12/24	14.7
DARALA 19	4.4	6.5	5/28/19	10.0
BAHRAIN 2022	4.8	6.1	7/5/22	6.8
BATELCO 20	4.6	4.3	5/1/20	6.4

## Investment Objective

The Fund's primary objective is to generate income and seek capital appreciation over the medium to long term.

To achieve its objective, the Fund will actively invest in Government and Corporate Fixed Income, Sukuk, Repo, Money Market, and other Fixed Income related instruments.

## Fund Features

High Liquidity

Low Volatility

Excellent Vehicle for medium to long term investing

Returns (%)	Fund	Index
February 2019	1.1	1.3
YTD (February 2019)	2.4	3.4
2018	1.6	0.3
2017	3.4	4.7
2016	5.7	4.8
2015	1.6	1.7
2014	8.4	6.8
2013 (April till December 2013)	-1.0	-0.4
Last 3 months	2.8	4.3
Last 6 months	3.5	4.0
Last 1 year	3.6	5.4
Last 3 years	13.1	12.8
Annualized (last 3 years)	4.2	4.1
Since Inception (April 13 — February 19)	23.7	23.1

\*Barclays GCC Bond Index

## Fund Information

Launch Date	April 2013
Management Fee	1.00%
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two business days before dealing day
Minimum Subscription	\$ 100,000.00
Dividends	Semi Annual
Registrar	HSBC Middle East
Custodian/Administrator	HSBC Middle East

## Top Risk Statistics

Name	Fund	Index
Yield to Maturity (%)	5.4	4.4
Duration (years)	2.8	6.5
Coupon (%)	6.4	4.4
Spread (bps)	248	172

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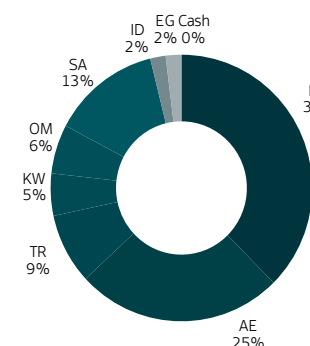
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The SICO Fixed Income Fund had another strong month and jumped by 1.2%, profiting from stable rates and higher oil prices whilst continuing to reap the benefits from the JP Morgan emerging market index inclusion. Its benchmark, the Barclays GCC Bond Index rose by 1.3% in February.

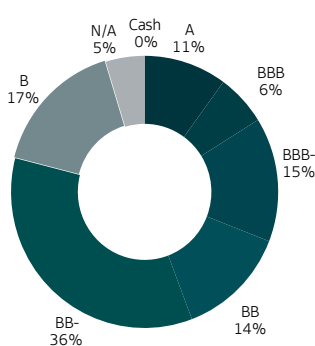
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